

Figure, Department of Defense seal  
COMPTROLLER (Program/Budget)

JULY 21, 1998

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY FOR HEALTH BUDGETS  
AND PROGRAMS, OASD (HA)  
COMPTROLLERS OF DEFENSE AGENCIES  
DIRECTOR FOR SECURITY ASSISTANCE FINANCE OPERATIONS,  
DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS),  
DENVER CENTER  
DIRECTOR FOR FORCE STRUCTURE, RESOURCES & ASSESSMENTS  
(J-8), THE JOINT STAFF  
DEPUTY ASSISTANT SECRETARY (BUDGET), OFFICE OF THE  
ASSISTANT SECRETARY OF THE ARMY (FM&C)  
DIRECTOR OF BUDGET/FISCAL MANAGEMENT OFFICE! OF THE  
ASSISTANT SECRETARY OF THE NAVY (FM&C)  
DEPUTY ASSISTANT SECRETARY (BUDGET), OFFICE OF THE ASSISTANT  
SECRETARY OF THE AIR FORCE (FM&C)  
COMPTROLLER, U.S. SPECIAL OPERATIONS COMMAND  
COMPTROLLER, U.S. TRANSPORTATION COMMAND

SUBJECT: FY 1999 Contingency Operations Cost Estimating and Reporting Structure

To improve contingency operations cost estimating and reporting processes, the Under Secretary of Defense (Comptroller) is implementing a standard contingency operations cost breakdown structure (CBS). Use of a standard cost structure will improve consistency between multiple Service and Agency cost inputs, as well as facilitate future efforts to understand and interpret differences between estimated and actual costs. Over the past several months, we have worked with your staff and the Institute for Defense Analysis to develop an appropriate structure. Based on this joint effort, the attached CBS is now ready for implementation.

Please be prepared to implement the attached cost structure on October 1, 1998. We will begin using this CBS to estimate and report the costs of contingency operations in FY 1999. To ensure reporting consistency for operations conducted during FY 1998, you should continue to report actual FY 1998 costs using the current DFAS reporting structure. This guidance will be incorporated in Volume 12, chapter 23 of the Financial Management Regulation when it is next updated. This guidance is also available on the Comptroller's home page at <http://www.dtic.mil/comptroller/>. If you have any questions or require additional explanation, please call either Ms. Sallie Morse at 697-9317, extension 19 or Mr. Jon Rider at 697-9317 extension 13.

Signature, Warren A. Hall  
Warren A. Hall  
Assistant Deputy Comptroller (Program/Budget)

October 1998

Contingency Operations Cost Breakdown Structure (CBS) and Definitions  
Effective: October 1, 1998

Please forward comments to:

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or

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## CONTINGENCY OPERATIONS COST BREAKDOWN STRUCTURE AND DEFINITIONS

For estimating and reporting purposes (and in some cases, for billing purposes) the costs associated with contingency operations are limited to the incremental costs of the operation.

- Incremental costs. Those additional costs the Department incurs as a direct result of the contingency operation; they are costs which otherwise would not have been incurred if the operation had not been supported. Pricing for incremental material and services shall be at the DoD rate (refer to Chapter 1, Volume 11A of the “DOD Financial Management Regulation (FMR) (DoD 7000.14-R).”
- Cost offsets. In some instances, costs for which funds have been appropriated may not be incurred as a result of a contingency operation. Examples include: basic allowance for these situations, identified incremental costs should be adjusted for known offsets such as supply turn-ins for items not used or placed in inventory, and nonmonetary contributions, such as free fuel. Reported incremental costs should be adjusted for such cost offsets.
- Cost categories. The following cost categories form the basic structure to be used to estimate and report contingency operations costs. Costs are limited to that increment above and beyond baseline training, operational, and personnel costs, as adjusted by applicable cost offsets.

### 1.0 PERSONNEL

Incremental pay and allowances of DoD military and civilians participating in or supporting a contingency operation. Does not include pay of contract personnel because it is included in the appropriate section 3.0 cost categories below.

#### 1.1 Military Personnel (MILPERS) pay and Allowances

Incremental MILPERS costs include pay, special pay, and entitlements above normal monthly payroll costs for active, reserve, and guard personnel.

##### 1.1.1 Reserve Components Called To Active Duty (Voluntary or Nonvoluntary) (new)\*

Includes basic military pay for reserve and guard personnel called to active duty to support a contingency operation either as part of the operation or as backfill, Excludes allowances for Reserve Components (Basic Allowance for Subsistence (BAS), Basic Allowance for Quarters (BAQ), Family Separation Allowance (FSA), Station Allowance, etc.), which are included in the appropriate allowance categories below.

##### 1.1.2 Imminent Danger or Hostile Fire Pay (Special Pay)

When authorized by the directing authority, a monthly special pay provided to active and reserve component military personnel participating in or supporting the contingency operation.

##### 1.1.3 Family Separation Allowance (Allowance)

A monthly special allowance paid to all active military and reserve component personnel who are separated from their families for 30 days or more.

#### 1.1.4 Foreign Duty Pay (Special Pay)

A monthly special payment only to active enlisted and reserve component military personnel who are at a location outside of the Continental United States (OCONUS) that has been designated for foreign duty pay.

#### 1.1.5 Subsistence

Includes the costs of water, food, and ice and other subsistence items (Army Class I), which are purchased expressly to support personnel engaged in or supporting the contingency operation.

#### 1.1.6 Other MILPERS (Special Pay or Allowance)

Active and reserve component forces may be entitled to other allowances or special pay not included in one of the above items as a result of their involvement in or support to the contingency operation. This may include, but is not limited to, additional BAS, BAQ, Clothing Monetary Allowance - Enlisted, etc.

### 1.2 Civilian Pay and Allowances.

Incremental DoD civilian pay and benefits expenses directly associated with conduct of the contingency operation.

#### 1.2.1 Civilian Premium Pay (new)

Includes certain types of pay such as overtime pay, night/shift differential pay, Sunday pay, holiday pay, hazard duty pay, environmental differential pay, danger pay allowance, and allowances and differentials in foreign areas that are incurred solely as a result of the employee's participation in or support to the contingency operation. Covers premium pay for both permanent and temporary DoD civilian employees.

#### 1.2.2 Civilian Temporary Hires

Includes the basic salary and benefit costs of DoD civilian employees hired, on a temporary/nonpermanent basis, specifically to participate in or support a contingency operation. Includes personnel hired to directly support contingency operations or provide backfill support with duty station in CONUS or OCONUS,

#### 1.2.3 Other Civilian Personnel

Includes the basic civilian salary and benefits costs for DoD personnel directly participating in or supporting a contingency operation not elsewhere reported.

## 2.0 PERSONNEL SUPPORT

Includes materials and services required to support active component and reserve component military personnel and DoD civilian personnel engaged in the contingency operation

#### 2.1 TDY (Temporary Duty)/TAD (Temporary Additional Duty)

Includes the cost of travel, per diem, and lodging for military and civilian personnel that results from the employee's participation in or support to the contingency operation. Also includes the cost of Invitational Travel Orders (ITOs) for personnel who are not government employees, but who travel at the request of DoD on an assignment directly related to the contingency operation. Exclude the TDY/TAD costs of reserve components called to active duty. These costs are to be reported as Reserve Component Activation costs.

## 2.2 Clothing and Other Personnel Equipment and Supplies

Includes the cost of individual and organizational clothing and equipment not already issued to military, reserve, and civilian personnel deploying to, participating in, or supporting a contingency operation. Includes, when appropriate, cold weather gear, desert camouflage, additional Nuclear, Biological and Chemical suits, and body armor, etc.

Includes issue and replacement of clothing, individual equipment, tools and administrative supplies (Army Class II) and personal demand items (Army Class VI) and other personnel care items (soap, toothpaste, etc.).

## 2.3 Medical Support/Health Services

Additive costs associated with providing medical services to military (active or reserve) and civilians (DoD or contractor) in clinics, hospitals, hospital ships, or other medical treatment facilities. Includes predeployment medical examinations, immunizations, medical materials (Army Class VIII supplies; e.g., blood, fluids, and specialized medical repair parts), medical supplies, operation of Mobile Army Surgical Hospital (MASH) units, patient evacuation and other nonpay and allowance expenses associated with medical backfill. Includes required communications costs associated with provision of medical via telemedicine.

## 2.4 Reserve Component Activation and Deactivation

Includes costs to activate (mobilize) and deactivate (demobilize) reserve units or individual reservists. Includes transportation from home station to active duty station in CONUS. Training to bring reserve components up to active force readiness standards are considered activation costs. Excludes costs of pay, allowances, active duty TDY/TAD, transportation to and from the area of operation, training, and other costs that are reported elsewhere.

## 2.5 Other Personnel Support

Personnel support costs not included in one of the above items. This category would include unusual costs such as permanent change of station (PCS), effective termination of strength (ETS) or special actions associated with household goods or privately-owned vehicle (POV) storage.

# 3.0 OPERATING SUPPORT

The incremental costs of material and services used to conduct or support an operation, including contract services. For cost reporting purposes only, includes the cost of unfunded orders sent to and accepted by Defense Working Capital Fund organizations for SECDEF-designated contingency options in accordance with authorities provided by section 127a of Title 10, United States code.

## 3.1 Training (new)

Includes the costs associated with predeployment training of units and personnel to participate in or support an operation as well as the costs associated with training troops and personnel during the contingency operation. Includes antiterrorism training if required. Includes ancillary costs associated with proficiency training.

## 3.2 Operation OPTEMPO (Fuel, Other POL, Parts)

Includes the incremental costs to operate units that conduct or support the contingency operation such as materials and services used during an operation to include: petroleum, oils and lubricants (POL) (Army Class III items) and spare and consumable parts such as

repair components, kits, assemblies, reparable and nonreparable items for equipment maintenance support (Army Class IX items). Only those additional OPTEMPO costs that the Department incurs as a direct result of the contingency operation should be included. Includes all equipment maintenance required to prepare equipment for deployment and to maintain equipment during the contingency operation. *Excludes* charges for the use of DoD assets and also *excludes* cost of ammunition of all types (chemical, radiological, and special weapons), bombs, explosives, mine, fuse detonators, propellants, missiles, pyrotechnics and other associated items (Army Class V Items).

### 3.3 Other Supplies and Equipment

Includes acquisition (via lease, rental, or purchase) of supplies and equipment required to equip and sustain the forces during all phases of the contingency operation such as special protective gear for equipment or containers.

### 3.4 Facilities/Base Support (new)\*

Includes establishment, maintenance, and option of billeting, camps, airfields. Staging areas, relief centers, etc., similar to Base Operating Support (BOS, BASEOPS) and real property maintenance, but away from home station. Includes leases, rents, and utilities to operate bases, camps, relief center, airfields, and other operating/support facilities established to support the contingency operation. This category includes fortifications and barriers (Army Class IV) and other physical security costs as well as costs associated with services to protect forces at the facility (such as lease of land for required stand-off distance, special sewage removal, water hauling etc.) and other base/center operating expenses such as food preparation/serving services, storage and distribution warehousing, local area shuttle services, etc. Includes materials and services provided by DoD or contract and all logistics civil augmentation program (LOGCAP) costs.

### 3.5 Reconstitution

Includes the cost to clean, maintain, replace, and restore equipment to the required condition at the conclusion of the contingency operation. Covers equipment organic to the participating unit and war reserve stocks prior to replacement into storage. Excludes the cost to transport equipment being repaired/restored.

### 3.6 Command Control Communications Computers and Intelligence (C4I), Other Services, and Miscellaneous Contracts

Includes the cost of designing, engineering, installing, and maintaining C4I systems required to support the contingency operations such as purchase and lease of communications equipment, lease of commercial satellites and long-haul lines; and collections, analysis, and condition of information/intelligence information (to include cartography, imagery, and other mapping activities and joint surveillance attack radar system (JSTARS) and unmanned aerial vehicles (UAVs). Also includes costs of procuring, leasing, or renting miscellaneous supplies or services used during the contingency operation. Includes general support and administrative equipment not identified in another category. Includes contract services such as linguists not identified in another category.

\* Not previously part of any current cost reporting structure set forth in FMR Volume 12, Chapter 23.

## 4.0 TRANSPORTATION

Includes transportation costs associated with supporting the contingency operation, including contract services, for all phases of the operation—deployment, sustainment and redeployment. For cost reporting purposes only, includes the cost of unfunded orders sent to and accepted by Defense Working Capital Food organizations for SECDEF-designated contingency operations IAW authorities provided by section 127a of Title 10, United States Code.

#### 4.1 Airlift

Transportation of personnel, equipment and material by air either by commercial or military assets.

#### 4.2 Sealift

Transportation of personnel, equipment, and material by sea using commercial or active duty naval ships

#### 4.3 Ready Reserve Force (RRF /Fast Sealift Ship (FSS)

Transportation of personnel equipment, and material by sea using Ready Reserve or FSS ships. Includes the cost to activate/deactivate and make vessels ready for use in contingency options.4.4

#### 4.5 Other Transportation

Transportation not included as airlift, sealift, ready reserve forces, or port handling/inland transportation.

## UPDATED CONTINGENCY OPERATIONS ESTIMATING AND REPORTING CATEGORIES

### 1.0 PERSONNEL COSTS

#### 1.1 Military Personnel:

- 1.1.1 Reserve Components Called to Active Duty
- 1.1.2 Imminent Danger or Hostile Fire Pay
- 1.1.3 Family Separation Allowance
- 1.1.4 Foreign Duty Pay
- 1.1.5 Subsistence
- 1.1.6 Other Military Personnel (MILPERS)

#### 1.2 Civilian Personnel:

- 1.2.1 Civilian Premium Pay
- 1.2.2 Civilian Temporary Hires
- 1.2.3 Other Civilian Personnel

### 2.0 PERSONNEL SUPPORT COSTS

- 2.1 Temporary Duty (TDY)/Temporary Additional Duty (TAD)
- 2.2 Clothing and Other Personnel Equipment and Supplies
- 2.3 Medical Support/Health Services
- 2.4 Reserve Component Activation and Deactivation
- 2.5 Other Personnel Support

### 3.0 OPERATING SUPPORT COSTS

- 3.1 Training
- 3.2 Operation OPTEMPO (Fuel, Other POL, Parts
- 3.3 Other Supplies and Equipment

3.4 Facilities/Base support

3.5 Reconstitution

3.6 Other Services and Miscellaneous Contracts

#### 4.0 TRANSPORTATION COSTS

4.1 Airlift

4.2 Sealift

4.3 Ready Reserve Force

4.4 Port Handling/Inland Transportation

4.5 Other Transportation